



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-18, Vermont State Income Tax Withholding

Date: July 6, 2004

To: Holders of TAXES (State of Vermont only)
Personnel User Groups
T&A Contact Points in Vermont

Beginning with wages paid for Pay Period 14, the National Finance Center (NFC) will make the following changes to the state of Vermont income tax withholdings:

- The annual exemption allowance will increase from \$3,050 to \$3,100.
- The Single and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

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Vermont State Income Tax Information

State Abbreviation:	VT
State Tax Withholding State Code:	50
Acceptable Exemption Form:	W-4VT
Basis For Withholding:	Federal or State Exemptions
Acceptable Exemption Data:	S or M/Number of Exemptions
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemptions will be used in the computation of state tax. Additional withholdings will be held at 27 percent of the Federal tax withheld and added to the state tax withholdings.

Withholding Formula ►(Effective Pay Period 14, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute taxable income:

$$\text{Exemption Allowance} = \text{►\$3,100◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Vermont tax withholding:

**Tax Withholding Table
Single**

If the Amount of Taxable Income Is:		The Amount of Vermont Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ 2,650	\$ 0.00	plus	0.00%	\$ 0
2,650	►30,800	0.00	plus	3.60%	2,650
30,800	68,500	1,013.40	plus	7.20%	30,800
68,500	148,700	3,727.80	plus	8.50%	68,500
148,700	321,200	10,544.80	plus	9.00%	148,700
321,200	and over	26,069.80	plus	9.50%	321,200◄

If the Amount of Taxable Income Is:		Married		The Amount of Vermont Tax Withholding Should Be:			
Over:	But Not Over:					Of Excess Over:	
\$ 0	\$ ▶8,000	\$	0.00	plus	0.00%	\$	0
8,000	53,550		0.00	plus	3.60%		8,000
53,550	118,050		1,639.80	plus	7.20%		53,550
118,050	185,550		6,283.80	plus	8.50%		118,050
185,550	326,100		12,021.30	plus	9.00%		185,550
326,100	and over		24,670.80	plus	9.50%		326,100◀

7. Divide the annual tax withholding by 26 to obtain the biweekly Vermont tax withholding. If Federal exemptions were used and there are additional withholdings, proceed to step 8.
8. If additional Federal tax was withheld, multiply the additional amount by 27 percent and add that to the result of step 7 to obtain the biweekly Vermont tax withholding.